



(571) 208-0428 • (888) 385-1005 • Fax (571) 208-0430
www.a-r-a.org

BUSINESS & LABOR
EXHIBIT NO. 5
DATE 1/26/15
BILL NO. SB 132

January 20, 2015

The Honorable Edward Buttrey
Chair
Senate Business, Labor and Economic Affairs Committee
Montana Senate
PO Box 200500
Helena, MT 59620-0500

Automotive Recyclers Association Opposes Senate Bill 132

Dear Chairman Buttrey and Members of the Committee:

On behalf of the Automotive Recyclers Association, I ask that you **OPPOSE Senate Bill 132** which has been introduced and assigned to the Senate Business, Labor and Economic Affairs Committee. The Automotive Recyclers Association (ARA) is an international trade association representing over 4,500 automotive recycling facilities in the United States and fourteen other countries around the world. **SB 132 complicates the use of and misleads consumers by insinuating that recycled original equipment manufacturer (OEM) parts are in some way unsafe or inferior to new OEM parts. This is simply untrue and not only does a disservice to the professional automotive recyclers in Montana, but harms consumers by escalating the cost to repair their motor vehicles and increasing the likelihood that their vehicle will be declared a "total-loss".**

Just last year the West Virginia Supreme Court of Appeals affirmed the use of salvage/recycled OEM crash parts in vehicle repairs. In its opinion, the Court considered the applications of the Crash Parts Act and the Consumer Credit and Protection Act to body shops and automobile insurance companies employing the use of salvage/recycled OEM crash parts. The Court found neither statute prohibited body shops or insurers from utilizing these parts, that **aftermarket crash parts and salvage/recycled OEM crash parts are "diametrically" different products and not interchangeable**, and, moreover, applauded the insurers for using measures to reduce premium costs for their customers.

SB 132 presents concerns to our industry, its employees and Montana consumers, specifically because the bill:

- Requires written acknowledgment from the consumer that alternative crash parts can be used which creates consumer fear that they are receiving an inferior part and drives consumers to more expensive, new car company parts.

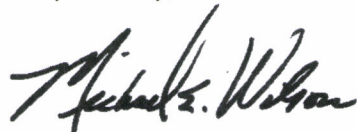
- Requires a disclosure to be signed by the consumer that is misleading, explicitly and implicitly creates questions about the quality of alternative parts when often these parts provide consumers the benefit of better warranties, better prices and better availability.
- Will likely lead to higher insurance premiums for Montana consumers as more expensive car company parts are implicitly preferred to be used for collision repairs.
- Creates a discriminatory disclosure deterring the use of parts other than new OEM parts only to the benefit of the car companies, not the consumer.

Salvage or Green Recycled Parts[®] are OEM parts. The recycled automotive parts that ARA member companies sell are OEM parts, designed by the OEM, and built to meet the OEM requirements for fit, finish, durability, reliability and safety. They are effectively the same parts, simply distributed to consumers through a different channel -- new versus used versions of the same parts. They are fully functional and are in many cases identical to original parts. Recycled parts are quality alternatives that provide consumers significant additional benefits compared to new OEM parts:

- Recycled parts allow consumers to save on costs while using parts identical to new OEM parts.
- Recycled parts are much better for the environment, since no additional resources or energy were used to create an unnecessary new replacement part.
- Many professional automotive recyclers provide warranties on recycled parts used in a repair, they stand behind the products they sell and offer customers recourse in the case of any issue.

On behalf of the professional automotive recycling businesses in Montana, I hope you will recognize the many detriments this bill poses to the alternative parts industry. I respectfully ask that you consider the many benefits of using recycled automotive parts, the many reputable auto body repair shops who offer consumers the choice of using recycled parts for their vehicle repair needs, and the many professional automotive recycling small business owners in your state who have taken great strides to provide consumers with quality, low-cost alternatives for vehicle replacement parts, while preserving our environment for a "greener" tomorrow. I ask you to **vote "NO" on SB 132**. Please do not hesitate to contact me if you have any questions.

Respectfully,



Michael E. Wilson

CEO

Automotive Recyclers Association

Association Headquarters
9113 Church Street
Manassas, VA 20110-5456

Washington DC Office
300 New Jersey Avenue, NW
Suite 945
Washington, DC 20001-0230

January 23, 2015

Senate Business, Labor and Economic Affairs Committee
Montana State Capitol
1301 East 6th Avenue
Helena, MT 59601

Dear Committee Member:

The Auto Care Association is writing to the committee today to express our strong opposition to SB 132. The Auto Care Association is a Bethesda, Md.-based association comprised of more than 23,000 members and affiliates that manufacture distribute, and sell motor vehicle parts, accessories, service, tool, equipment, materials and supplies.

The bill language is particularly troubling to us, as it broadly defines the term “aftermarket part” as something that may be construed as inherently inferior. We can only view that as completely misinformed, as “aftermarkets parts” are the core business of an industry that generates \$318B in annual sales and employs 4.2 million people across the country. The auto care industry in Montana generates \$1.6 in sales annually, and directly employs approximately 7,000 people in over 1100 businesses.

Clearly, the “written disclaimer” distinction between original equipment (OE) parts and aftermarket parts, mandated in SB 132, will leave car owners under the false impression that aftermarket parts are of inferior quality to the original equipment component. There is no body of research, no individual study or any data to support the implication that aftermarket parts are inferior to OE parts.

In reality, aftermarket parts are as good and often, better than the OE parts they replace. In fact, they are often produced by the same company, but may come in a different box. The only difference is that the OE part often costs more than its non-OE branded equivalent, meaning increased repair and insurance costs for consumers. Further, since aftermarket companies have the opportunity to view OE parts in-use, our members often are able to correct problems with the component that were discovered after the vehicle was on the road. Such action translates into the ability of aftermarket parts to provide both improved vehicle reliability and safety.

We urge you to vote “NO” on SB 132, based on the negative impact it will have on the auto care industry and most of all on Montana car owners.

Sincerely,



Aaron Lowe
Senior Vice President, Government & Regulatory Affairs

COALITION FOR AUTO REPAIR EQUALITY

105 Oronoco Street, Suite 115

Alexandria, Virginia 22314 (800-229-5380)

January 15, 2015

The Honorable Edward Buttrey, Chairman

The Honorable Elsie Arntzen, Vice Chairwoman

Distinguished Members of the Senate Business, Labor and Economic
Affairs Committee

RE: Please Vote NO on SB 132

Dear Members:

The Coalition for Auto Repair Equality (CARE) is a national organization that represents aftermarket companies throughout the nation and Montana, among them: **NAPA (Distribution Center in Billings), CARQUEST, AutoZone, Advance Auto Parts, O'Reilly Auto Parts and Bridgestone-Firestone Retail Operations.**

The Montana aftermarket Employs nearly 7,000 folks in approximately 2,000 aftermarket businesses. The Montana Annual aftermarket sales are over \$1 million dollars. The MT aftermarket heavily contributes to the local and state economies.

Crash parts bills such as SB 132 have regularly been introduced into the Montana legislature for at least 10 or more years. These bills **discriminate** against the independent (aftermarket) businesses and raise repair and parts prices on lower and fixed income motorists.

A 2012, CONSUMER REPORTS poll found approximately 40 percent of car owners POSTPONING having major repairs or maintenance on their primary vehicles. Among those surveyed, the types of NON-warranty work most commonly postponed were minor manufacturer recommended scheduled service (22 percent), followed by “Wear” (brakes) items. The respondents stated that a major repair bill that costs an average of \$2,000 would be a serious problem.

The average ages of today’s vehicles are over 11 years old. Owners of these vehicles seek out and need affordable, quality parts and service. The aftermarket parts allow them to purchase this quality at a much lower rate than the car dealer parts and labor.

Most aftermarket parts are produced at the SAME MANUFACTURERS that the car dealer/OE parts are manufactured. The only differences are that the aftermarket parts COST UP TO 50 PERCENT LESS than the identical car dealer part and the aftermarket parts come with life-time or long-term warranties which many car dealer parts do not.

By requiring that motoring consumers sign for the purchase and acceptance of aftermarket parts, but are not required to sign for the acceptance and purchase of the higher-priced car dealer parts, **frightens consumers into falsely believing that the aftermarket parts are inferior. This will cause consumers to not patronize aftermarket stores and shops, which will thus lose business and profits and would have to consider laying off employees.**

MAGNUSON-MOSS FEDERAL LAW

Senate Bill 132 states that by purchasing aftermarket parts that the vehicles warranties may be invalidated or jeopardized: **The Magnuson-Moss Act PROHIBITS repairs from being tied to warranties. Thus, if this happened, it would be in violation of Federal Law.**

PREVIOUS LAWSUIT AGAINST MONTANA

Several years ago, Montana passed a crash parts bill which prohibited the state's insurers from recommending aftermarket parts. **A lawsuit was successfully filed against the state of Montana by a company in Michigan. The company won on two points: 1) First Amendment: Montana violated the First Amendment by prohibiting the insurers from recommending aftermarket parts. 2) Interference with Interstate Commerce laws since many parts are sent into Montana for sale.**

Millions of Car company/car dealer parts have been **Recalled** over the last few years. **The millions of recalls have NOT been on aftermarket parts. Aftermarket parts are re-engineered approximately one year after the identical car company part has been in the marketplace, thus, the aftermarket has worked out the flaws in the OE parts.**

Ranchers, farmers and regular motoring consumers should be able to purchase the parts of their choice without intimidation. The free-market system should be Montana's guide. Please vote NO on SB 132. Thank you for your consideration.

Sincerely, Sandy Bass-Cors, Executive Director (800-229-5380)

Motor & Equipment Manufacturers Association

1030 15th Street, NW Suite 500 East Washington, DC 20005
Tel 202.393.6362 Fax 202.737.3742 E-mail info@mema.org



January 23, 2015

The Honorable Gordon Vance
Montana Senate
P.O. Box 200500
Helena, MT 59620-0500

Dear Senator Vance:

The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 member companies that manufacture motor vehicle parts for use in the light- and heavy-duty original equipment and aftermarket industries. Motor vehicle parts manufacturers are the nation's largest manufacturing employer, with over 734,000 people working in our facilities across the country. MEMA represents its members through four divisions: Automotive Aftermarket Suppliers Association (AASA); Heavy Duty Manufacturers Association (HDMA); Motor & Equipment Remanufacturers Association (MERA); and, Original Equipment Suppliers Association (OESA).

I write on behalf of MEMA's aftermarket members to urge you to reconsider S.B. 132, which you recently filed for the 2015 legislative session. MEMA aftermarket member companies manufacture top quality replacement parts for the motor vehicle aftermarket. These suppliers are committed to providing quality products to consumers through investing in innovative technologies that improve the performance and safety of the vehicle fleet.

The notice and written acknowledgement requirements required under this bill sends a false message that aftermarket parts are of lesser quality than original equipment parts. This message is inaccurate and misleading; quality aftermarket parts are engineered to exacting standards as suppliers invest in technologies to ensure the performance and safety of the vehicle fleet. In fact, many aftermarket suppliers also manufacture original parts for automakers.

The average age of a vehicle on the road today is over 11 years old, and the use of aftermarket parts can actually improve vehicle performance, as replacement parts incorporate design, engineering, and performance improvements over original parts.

MEMA has been at the forefront in advocating for the use of quality motor vehicle parts in both original equipment and aftermarket applications. The Automotive Aftermarket Suppliers Association (AASA), MEMA's aftermarket division, has focused substantial resources on these challenges, including the creation and implementation of an industry-led campaign known as





"Know Your Parts." The goal of "Know Your Parts" is to promote quality replacement parts by calling on the entire aftermarket industry to take steps to provide consumers with quality parts through manufacturing, distribution and repair services.

On behalf of this industry, I urge you to reconsider the need for this legislation, as consumers in Montana benefit from the quality products supplied by aftermarket automotive manufacturers.

MEMA would be pleased to further discuss this issue with you. Should you have questions, please contact Catherine Boland, Vice President, Legislative Affairs at 202-312-9241 or cboland@mema.org. Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in dark ink, reading "Ann Wilson". The signature is fluid and cursive, with the first name "Ann" and last name "Wilson" clearly distinguishable.

Ann Wilson
Senior Vice President, Government Affairs